

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF DELTA NATURAL)	
GAS COMPANY, INC. FOR A CERTIFICATE)	
OF CONVENIENCE AND NECESSITY TO)	CASE NO. 91-022
CONSTRUCT A NATURAL GAS DISTRIBUTION)	
SYSTEM IN BEATTYVILLE, KENTUCKY)	

O R D E R

On January 18, 1991, Delta Natural Gas Company, Inc. ("Delta") filed with the Commission its application seeking a Certificate of Convenience and Necessity to construct a natural gas distribution system in Beattyville, Kentucky.

The Commission by Order entered January 18, 1991 in Case No. 91-016¹ granted Delta a Certificate of Convenience and Necessity to bid on a gas franchise offered by Beattyville, Kentucky. Delta has not proposed any changes to its existing rates as a result of this project. Delta proposes to finance the construction through short-term borrowings. KRS 278.300(8) provides that Commission approval for the assumption of indebtedness by a utility is not required for notes issued that are payable at periods of not more than two years or to the renewal of such notes not exceeding six

¹ Case No. 91-016, The Application of Delta Natural Gas Company, Inc. for a Certificate of Convenience and Necessity to Bid on a Franchise Offered by City of Beattyville, Kentucky.

years in the aggregate. Therefore, approval of Delta's plan of financing under KRS 278.300(8) is not required.

Construction

Delta proposes to construct approximately 4.1 miles of steel transmission line and 10.4 miles of plastic and steel distribution main in the city of Beattyville, Lee County, Kentucky. The transmission line will be tapped to Columbia Gas Transmission Corporation's ("Columbia") gas transmission line near Idamay, Kentucky. The project shall be implemented by the successful bidder of five potential contractors.

The construction will be in accordance with the regulations prescribed in the U.S. Department of Transportation Pipeline Safety Regulations 49 CFR Part 192 and the regulations of the Kentucky Public Service Commission 807 KAR 5:022.

The cost of the proposed construction is estimated to be \$808,750, of which the city of Beattyville will reimburse Delta for \$350,000. Therefore, Delta's estimated cost will be approximately \$458,750 which will be financed through its short-term line of credit.

The maximum allowable operating pressure ("MAOP") of the transmission line is 175 psig, and the normal operating pressure ("NOP") is 150 psi. The MAOP of the distribution system is 60 psig and the NOP is 25 psig.

The Commission finds this construction project feasible and that public convenience and necessity require such construction. Delta should be granted a Certificate of Convenience and Necessity to construct the transmission and distribution system in

Beattyville, Kentucky, and Delta should forward to the Commission the name of the successful bidder and the construction schedule prior to the commencement of construction work.

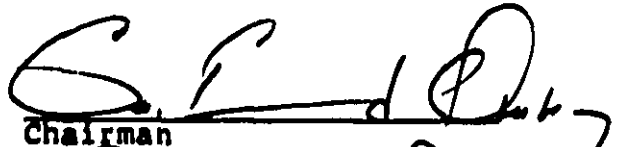
IT IS THEREFORE ORDERED that:

1. Delta hereby is granted a Certificate of Convenience and Necessity to construct the gas transmission and distribution system in Beattyville, Kentucky.

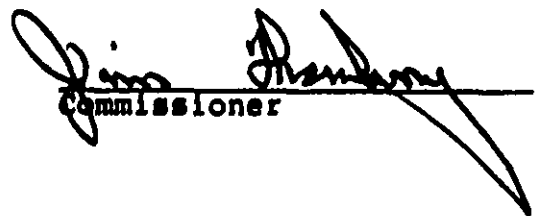
2. Delta shall provide to the Commission the name of the successful bidder and the construction schedule prior to the commencement of the construction work.

Done at Frankfort, Kentucky, this 27th day of March, 1991.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director